A supplemental IDS is submitted herewith to address the comments in paragraph 2 of the Office Action. The supplemental IDS removes the embedded hyperlinks and uses the PTO-1449 format.

Objection to Specification

In the amendment, the Summary section is largely canceled. With minor revisions, the content of the former Summary section is moved to the Detailed Description of the Preferred Embodiment section. This amendment adds no new matter to the application.

35 U.S.C. §112 Rejection

Claims 23, 28, 34 and 38 are rejected under 35 U.S.C. §112, second paragraph as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The above amendment deletes claims 23, 28 and 34. Claim 38 is rewritten in independent form.

35 U.S.C. §103 Rejection, Koling et al. in view of Rowney et al.

The Examiner has rejected claims 14-18 and 23-43 under 35 U.S.C. §103(a) as being unpatentable over Kolling et al. in view of Rowney et al. Applicants believe the cited sections of Kolling et al. ("Kolling") and the cited sections of Rowney et al. ("Rowney") do not, either alone or in combination, teach or suggest the invention in the amended claims. More specifically, neither reference teaches or suggests: (1) that the "digital IOU is comprised of the purchase price" as required by amended claim 14; (2) "validating the payment information at the funds transfer system" as generally required by claims 24, 29 and 35; (3) transferring funds from a payor account to the funds transfer system to a payee account as generally required by claims 24, 29 and 35; and (4) "means for comparing the payment information and the purchase information

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against the database" as required by claim 39. For at least these reasons, Applicants respectfully request reconsideration of the rejection of the claims in their current form.

Kolling generally relates to an automated bill payment system where specified communication occurs between a biller 14, a consumer 12, various banks 16, 128, 18, and a payment network 102. According to the Office Action, this reference fails to teach a digital IOU, confirming the digital IOU by comparing a digital signature, or operating during a checkout process. Rowney generally relates to credit transactions on the Internet between a customer 120, a merchant 130 and a payment gateway 140. These credit transactions are described in the context of credit card purchases with a gateway 140.

Claim 14 requires the digital IOU to include a purchase price. The digital IOU is redeemable. In one embodiment, use of a digital IOU allows the merchant to have a credit that can be later redeemed with the funds transfer system. For example, the vendor could be provided a digital IOU once the purchase is approved. Later, the vendor can present the digital IOU for payment from the funds transfer system after a delay that could result from, for example, a backorder on the goods ordered. Neither Kolling nor Rowney teaches or suggests a redeemable digital IOU that contains the purchase price. Further, neither of these references have this advantage.

Claims 24, 29 and 35 generally require validating the payment information at the funds transfer system. Kolling teaches validation at the bank (see c. 24, 1. 66+; and block 232 of Fig. 10) and Rowney fails to even teach a funds transfer system at all. In some embodiments of the claimed invention, verification is performed by a central funds transfer system. By verifying centrally, user information is kept in a central repository rather than relying upon chains of trust which fail with the weakest link.

Claims 24, 29 and 35 generally require transferring funds from a payor account to the funds transfer system to a payee account in two transactions. In this way, the funds transfer system is situated in the middle of the transaction. Kolling teaches transactions where cash is sent directly from one account to another with a clearing process in the middle. By having an intermediate account, fees could be deducted easily

by the funds transfer system and the bank account particulars can be shielded from the parties at either end of the transfer.

Claim 39 requires means for comparing the payment information and the purchase information against a database. Kolling and Rowney do not teach checking purchase information against a database, which implies this information was previously stored. In col. 6, lines 64+, Kolling teaches a service bureau 52 that stores an enrollment package 57 to allow verification of biller or customer, but does not have the particular purchase information for any single transaction. By storing the purchase information, for example, a digital IOU can be verified for a particular transaction that is later presented for redemption.
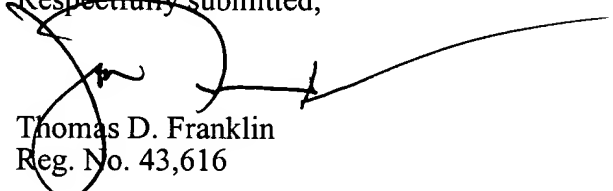
In light of the amendments and above arguments, Applicants respectfully request reconsideration of this application.

CONCLUSION

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 303-571-4000.

Respectfully submitted,

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VERSION WITH MARKINGS TO SHOW CHANGES MADE

IN THE SPECIFICATION:

Please delete the paragraphs from page 7, line 12, through page 14, line 4. Insert the following paragraphs after line 10 of page 15:

Embodiments of the present invention are set forth in description that follows as well as advantages for some embodiments. Additional advantages of the embodiments of the invention will be realized and attained by the methods and systems particularly pointed out in the written description and claims hereof, as well as from the appended drawings. It is to be understood that the detailed description is exemplary and is intended to provide further explanation of the invention claimed.

In one embodiment of the present invention, an electronic payment method is provided, wherein the transaction is approved or denied in real time. An aspect of an embodiment of the present invention is a funds transfer system that authorizes or denies an electronic purchase at the time of the purchase request. A feature of the present invention is that both the purchaser and vendor may proceed with the transaction and maintain the privacy of the parties involved.

One embodiment of the present invention provides a method of purchasing from a vendor that does not necessarily require ownership of a credit card. A feature of an embodiment of the present invention is a funds transfer system that securely accesses a purchaser's bank account. Yet another feature of an embodiment of the invention is a funds transfer system that debits or credits a party's credit card account if the party so chooses. Yet another embodiment of the present invention is a funds transfer system that transfers "quasi-currency." Yet another feature of an embodiment of the present invention is the use of an automated clearing house to transfer funds electronically from a purchaser to vendor through a funds transfer system. An aspect of the present invention is that virtually any person or entity with a bank account, credit card account or "quasi-currency" plan may utilize the present payment system.

One embodiment of the present invention allows a purchaser to transfer funds from an account to a vendor without providing sensitive account information to the vendor. A feature of an embodiment of the present invention is a separate funds transfer system that validates the purchaser. Another feature of an embodiment of the present invention is that the funds transfer system, and not the vendor, accesses the purchaser's account. Another feature of an embodiment of the present invention is that account information need only be provided once to the funds transfer system. Another feature of an embodiment of the present invention is that account information is only provided to the funds transfer system. Another feature of an embodiment of the present invention is that a purchaser may register with the funds transfer system on line, via phone, via fax, on site or via regular mail. A further aspect of an embodiment of the present invention is that a purchaser need not provide sensitive financial information each time a purchase is made. Another aspect of one embodiment of the present invention is that the purchaser need not provide financial information to multiple vendors. Another aspect of one embodiment of the present invention is that neither the vendor nor the purchaser has access to the other's financial information. An aspect of one embodiment of the present invention is that fraud can be limited.

A further aspect of one embodiment of the present invention is to provide a system for making electronic purchases suitable for all types of transactions. A feature of an embodiment of the present invention is to provide a funds transfer system with purchaser account information. Another feature of an embodiment of the present invention is to provide the funds transfer system with merchant account information. Another feature of an embodiment of the present invention is to provide a merchant with digital IOU" that may be redeemed at a later time. A feature of an embodiment of the present invention is that funds may be transferred through an automated clearing house from one account to another, regardless of the owner. Another feature of an embodiment of the present invention is that the transaction may occur in real time. Another feature of an embodiment of the present invention is that the digital IOU's can be redeemed by transferring funds from a purchaser account to a merchant account through a funds

transfer system. The redeeming step may further include use of an automated clearing house. An aspect of one embodiment of the present invention is that no e-mail notification is required for real time transactions. Yet another aspect of one embodiment of the present invention is that a merchant may redeem multiple digital IOU's all at once. Yet another aspect of one embodiment of the present invention is its suitability for consumer-to-consumer, business-to-business or consumer-to-business transactions.

In brief, one embodiment of the invention is an electronic transaction method, the transaction including a user on a network, comprising the steps of: accessing a vendor system; transmitting a purchase selection to the vendor system; and selecting a payment option comprising: connecting to a funds transfer system, the funds transfer system separate from the vendor system; sending purchase data from the vendor system to the funds transfer system; sending a validation request from the fund transfer system to the user; sending validation information from the user to the funds transfer system; checking the validation information against a database at the funds transfer system, the data base including user account information; wherein if the user is validated, transferring funds from the user's account to the vendor through the funds transfer system; and wherein if the user is not validated, returning a message to the user denying the purchase.

An embodiment of the invention also includes a method for making an electronic purchase comprising: connecting to a vendor system having a vendor; selecting at least one item to be purchased from the vendor system; a step for authorizing the purchase, the step comprising: sending purchase information from the vendor system to a funds transfer system, the purchase information including a purchase price, sending a request for payment information from the funds transfer system to a user; sending payment information from the user to the funds transfer system; a step for validating payment information at the funds transfer system, wherein if the payment information is validated, a step for crediting a vendor account an amount equal to the purchase price; and a step for debiting a user's account an amount equal to the purchase price.

Another embodiment of the invention is also a funds transfer apparatus comprising: at least one connection to a vendor system; at least one connection to a

purchaser system; a means for validating a purchase by a purchaser using the purchaser system from a vendor using the vendor system, wherein the purchase validation means comprises: a machine readable medium having a purchaser database including purchaser information thereon; a means for receiving a purchase information from the vendor system; a means for receiving payment information from the purchaser system; and a means for comparing the payment information to the purchaser information; and a means for paying the vendor for the purchase. The means for paying the vendor may comprise a connection to an automated clearing house, the automated clearing house capable of executing a funds transfer.

An embodiment of the invention also includes a method for facilitating an electronic purchase comprising: receiving purchase information from a vendor, the purchase information including a purchase price; receiving purchase information from a purchaser, the purchaser information including an identification of a purchaser account; validating the purchaser information; wherein if the purchaser information is not validated, sending a message to the purchaser that the electronic purchase is denied; and wherein if the purchaser information is validated, sending a digital IOU to the vendor; and a step for redeeming the digital IOU. The step for redeeming the digital IOU may further comprise the steps of : receiving the digital IOU from the vendor; confirming the digital IOU; transferring the funds to the vendor; and receiving funds from the purchaser account equal to the digital IOU.

Another embodiment includes a method for transferring funds from a payor to a payee comprising: transmitting payment information to a funds transfer system, the payment information including payee identification, payor identification and payment amount; a step for validating the payment information at the funds transfer system; wherein if the payment information is not validated, notifying the payor that the payment information is not valid; and wherein if the payment information is validated, a step for transferring funds from a payor account to a payee account. The method may further comprise notifying the payee of the funds transfer. The step for validating the payment information may comprise checking the payor identification and the payee

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identification against a user database in the funds transfer system. That database may include account information for the payor and the payee.

IN THE CLAIMS:

14.   (Amended) A method for facilitating an electronic purchase using a funds transfer system, the method comprising steps of:

receiving purchase information from a vendor, the purchase information including a purchase price;

receiving purchaser information from a purchaser, the purchaser information including an identification of a purchaser account;

validating the purchaser information,; wherein:

if the purchaser information is validated, sending a digital IOU to the vendor, and

the digital IOU is comprised of the purchase price; and

a step for redeeming the digital IOU.

15.   (Amended) The method of claim 14 wherein the step of for redeeming the digital IOU further comprises the steps of:

receiving the digital IOU from the vendor;

confirming the digital IOU;

receiving funds from the purchaser account equal to the digital IOU into a funds transfer account; and

transferring the funds to the vendor from the funds transfer account.

16.   (As Filed) The method of claim 14 wherein if the purchaser information is not validated, sending a message to the purchaser that the electronic purchase is denied.

17.   (As Filed) The method of claim 14 wherein if the purchaser information is not validated, further comprising a step for adding the purchaser to a purchaser database.

18.   (As Filed) The method of claim 15 wherein the step for confirming the digital IOU comprises comparing a digital signature on the digital IOU to a signature log at a funds transfer system.

23.   Please cancel claim 23 without prejudice to or disclaimer of the subject matter contained therein.

24.   (Add by Preliminary Amendment) A method for transferring funds from a payor to a payee as part of a checkout process, the method comprising steps of:

receiving payment information with a funds transfer system, the payment information including payee identification, payor identification and payment amount;

validating the payment information at the funds transfer system;

notifying the payor that the payment information is not valid if the validating step is unsuccessful; and

transferring funds from a payor account to a payee account through the funds transfer system if the payment information is validated.

25.   (Add by Preliminary Amendment) The method for transferring funds from the payor to the payee as part of the checkout process as recited in claim 24, the method further comprising a step of notifying the payee of the funds transfer.

26.   (Add by Preliminary Amendment) The method for transferring funds from the payor to the payee as part of the checkout process as recited in claim 24, wherein the step for validating the payment information comprises a step of checking the payor identification and the payee identification against a user database at the funds transfer system.

27.   (Add by Preliminary Amendment) The method for transferring funds from the payor to the payee as part of the checkout process as recited in claim 26, wherein the user database includes account information for the payor and the payee.

28.   Please cancel claim 28 without prejudice to or disclaimer of the subject matter contained therein.

29.   (Add by Preliminary Amendment) An electronic transaction method for transferring funds from a user account to a vendor account to compensate the vendor for a purchase selected by a user while accessing a vendor system online and after the user selects from the vendor system a payment option associated with a funds transfer system, the method comprising steps of:

establishing a connection from the funds transfer system to the user during checkout of the user with the vendor system, wherein the funds transfer system is separate from the vendor system;

receiving purchase data from the vendor system with the funds transfer system;

requesting validation from the user for the purchase;

receiving with the funds transfer system validation information from the user;

checking the validation information at the funds transfer system against a database; and

transferring funds from the user account to the funds transfer system if the step of checking the validation information is successful; and

transferring funds from the funds transfer system to the vendor account.

30.   (Add by Preliminary Amendment) The electronic transaction method for transferring funds from the user account to the vendor account to compensate the vendor for the purchase selected by the user while accessing the vendor system online and after the user selects from the vendor system the payment option associated with the

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funds transfer system as recited in claim 29, further comprising a step of returning a message to the user denying the purchase if the step of checking the validation information is unsuccessful.

31.   (Add by Preliminary Amendment) The electronic transaction method for transferring funds from the user account to the vendor account to compensate the vendor for the purchase selected by the user while accessing the vendor system online and after the user selects from the vendor system the payment option associated with the funds transfer system as recited in claim 29, further comprising a step of modifying account information in the database associated with the user if the step of checking the validation information is unsuccessful.

32.   (Add by Preliminary Amendment) The electronic transaction method for transferring funds from the user account to the vendor account to compensate the vendor for the purchase selected by the user while accessing the vendor system online and after the user selects from the vendor system the payment option associated with the funds transfer system as recited in claim 29, wherein at least one of the user account and the vendor account is a bank account.

33.   (Add by Preliminary Amendment) The electronic transaction method for transferring funds from the user account to the vendor account to compensate the vendor for the purchase selected by the user while accessing the vendor system online and after the user selects from the vendor system the payment option associated with the funds transfer system as recited in claim 29, wherein the user account is a credit card account.

34.   Please cancel claim 34 without prejudice to or disclaimer of the subject matter contained therein.

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35.   (Add by Preliminary Amendment) A method for authorizing an electronic purchase during checkout with a user and a vendor system, the method comprising the steps of:

receiving purchase information from the vendor system, wherein the purchase information comprises a purchase price;

requesting payment information from the user;

receiving payment information from the user with funds transfer system;

validating the payment information with the funds transfer system;

crediting a vendor account in a first amount that corresponds to the purchase price if the step of validating payment information is successful; and

debiting a user account a second amount that corresponds to the purchase price if the step of validating payment information is successful.

36.   (Add by Preliminary Amendment) The method for authorizing the electronic purchase during checkout with the user and the vendor system as recited in claim 35, wherein the vendor account and/or the user account are bank accounts.

37.   (Add by Preliminary Amendment) The method for authorizing the electronic purchase during checkout with the user and the vendor system as recited in claim 35, wherein the vendor account and/or the user account are credit card account.

38.   (Amended) A computer-readable medium having computer-executable instructions for performing the computer-implementable method for authorizing the electronic purchase during checkout with the user and the vendor system ~~of claim 35~~, the computer-readable medium comprising code for:

receiving purchase information from the vendor system, wherein the purchase information comprises a purchase price;

requesting payment information from the user;

receiving payment information from the user with funds transfer system;

validating the payment information with the funds transfer system;

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<u>crediting a vendor account in a first amount that corresponds to the</u> <u>purchase price if the step of validating payment information is successful; and</u>

<u>debiting a user account a second amount that corresponds to the purchase</u> <u>price if the step of validating payment information is successful.</u>

39.   (Add by Preliminary Amendment) A funds transfer system for paying a vendor in a transaction with a purchaser, wherein the vendor uses a vendor system and the purchaser uses a purchaser system during the transaction, the funds transfer system comprising:

a first connection with a vendor system;

a second connection with a purchaser system;

means for validating the transaction, wherein the purchase validation means comprises:

a machine readable medium having a database comprising purchaser information and vendor information;

means for receiving purchase information from the vendor system;

means for receiving payment information from the purchaser system; and

means for comparing the payment information and the purchase information against the database; and

means for paying the vendor for the purchase.

40.   (Add by Preliminary Amendment) The funds transfer system for paying the vendor in the transaction with the purchaser as recited in claim 39, wherein:

the means for paying the vendor comprises a connection to an automated clearing house, and

the automated clearing house transfers funds from a purchaser account to a funds transfer account and from a funds transfer account to a vendor account.

41.   (Add by Preliminary Amendment) The funds transfer system for paying the vendor in the transaction with the purchaser as recited in claim 39, wherein the purchase information is selected from the group consisting of vendor identification, name of goods and purchase price.

42.   (Add by Preliminary Amendment) The funds transfer system for paying the vendor in the transaction with the purchaser as recited in claim 39, wherein the payment information is selected from the group consisting of financial information of the purchaser, purchaser identification, a password, a name, and an address.

43.   (Add by Preliminary Amendment) The funds transfer system for paying the vendor in the transaction with the purchaser as recited in claim 39, wherein the means for receiving purchase information and the means for receiving payment information are a file transfer protocol connection over a network.

--44.   (New) The method for transferring funds from the payor to the payee as part of the checkout process as recited in claim 24, wherein the transferring step comprises steps of:

transferring funds from the payor account to a funds transfer system account; and

transferring funds from the funds transfer system account to a payee account.

45.   (New) The method for transferring funds from the payor to the payee as part of the checkout process as recited in claim 24, wherein the funds are in at least one of the following forms: a gift certificate, a store credit, airline mileage credit, promotional points, foreign funds, and another currency.

46.   (New) The electronic transaction method for transferring funds from the user account to the vendor account to compensate the vendor for the purchase selected by the user while accessing the vendor system online and after the user selects

from the vendor system the payment option associated with the funds transfer system as

recited in claim 29, wherein the requesting step comprises steps of:

       causing a pop-up window to be opened on a user machine; and

       presenting the validation request in the pop-up window.--

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